

November 21, 2007

**Montana Board of Research and Commercialization Technology  
Board Meeting – Department of Commerce - Helena  
November 21, 2007**

**Members** John Youngberg, Chairman  
**Attending:** Marty Connell via conference call  
Jim Davison via conference call  
Mike Dolson  
Todd Graetz  
Larry Hall via conference call

**Others** Dave Desch, Executive Director  
**Attending:** Jane Todd, Administrative Specialist  
Marty Tuttle, Department of Commerce Chief Legal Counsel

**I. Call to Order**

Chairman Youngberg called the meeting to order at 10:40 a.m.

**II. Approval of Minutes from 9/25/07 Board Meeting**

Chairman Youngberg asked for discussion of the minutes of the previous Board meeting. There was no discussion of the minutes. Todd Graetz moved to approve the minutes of the September 25, 2007, Board meeting. Mike Dolson seconded the motion. All approved and the motion carried.

**III. Election of Chairman**

The Board discussed the election of a Chairman, which statutorily is a position the Board elects on an annual basis.

**Action:** Jim Davison moved to reelect John Youngberg as Chairman for the coming year. The motion was seconded by Larry Hall. All in favor, the motion carried.

**IV. Discussion of Director Liability – Marty Tuttle, Department Chief Legal Counsel**

Mr. Tuttle stated that he is the Department Chief Legal Counsel and Administrator of the Energy Infrastructure and Promotion Division. He indicated that Board members, when acting within the course and scope of their duty, are defended and indemnified by the state. The types of claims that might be filed would be tort claims for some type of damage caused by Board action or inaction. A claim that Board members should be held personally liable would have merit only if the Board could be shown to be acting outside its statutory authority.

A discussion ensued regarding liability of Board members in relation to what constitutes a qualified project. Mr. Tuttle emphasized that Board members could not be held personally liable for making a funding decision (provided that decisions were made within the course and scope of the Board's duty), and that the Board is the sole arbiter of determining what constitutes a qualified project. He suggested considering adoption of

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additional administrative rules to more clearly identify what is a qualified application, but Board members acting in good faith under the statute are not going to be held personally liable.

[Mr. Tuttle left the meeting.]

The Board expressed some ambivalence regarding the need for amending the administrative rules. Mr. Desch pointed out that the 30% clean coal/renewable resource requirement is similar to the 20% production agriculture requirement, and the rules do not define what constitutes a production agriculture project. Production agriculture projects have been evaluated under the same procedures as other projects. After additional discussion, it was the consensus of the Board to proceed with the evaluation of the projects due March 3, 2008, using the current administrative rules.

#### **V. Discussion of Program Objectives and Adoption of Additional Language to Address HB 715**

**Action:** After some Board discussion of the proposed additional language, Todd Graetz moved to add the following statement to the Program Objectives: “Supporting clean coal research and development projects, and renewable resource research and development projects”. The motion was seconded by Mike Dolson. There was no further discussion. All in favor, the motion carried unanimously.

#### **VI. Discussion of HB 715 and Adoption of Board Policy Regarding the Method Used to Determine Compliance with the 30% Funding Requirement**

Mr. Desch submitted a draft policy statement describing the method to be used to determine compliance with HB 715. Board discussion ensued.

**Action:** Larry Hall moved to adopt the following policy statement: “The dollar amount of account funds approved for clean coal research and development projects, and renewal resource research and development projects, will be counted to maintain an ongoing level of at least 30% of all account funds approved for research and commercialization projects to meet the statutory requirement provided in 90-3-1003 (5) MCA, starting with the 2008 funding cycle.” Seconded by Mike Dolson, the motion carried unanimously.

[Larry Hall left the meeting at 11:30 a.m.]

#### **VII. Executive Director’s Report**

Dave Desch presented the following reports:

##### **a) Follow-on Funding**

This is an annual compilation of all the follow-on funding reported by grant recipients. It is an indication that funded projects are valuable not only for the projects themselves but for their ability to attract additional money. The document is a list of projects funded by the Board, sources of follow-on funding, and the fiscal year(s) when it was obtained by the project. At the present time, \$170 million in follow-on funding has been reported.

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That is a big number, and it shows that the Board is involved in a lot of important projects that have the ability to attract additional funding.

It was pointed out that approximately 40% to 50% of the budgeted dollars for research projects goes to fund salaries. This is money that is spent in Montana. Assuming an average salary of \$50,000 to \$60,000, these are FTE's based on follow-on funding numbers and equal 140 to 150 jobs on an annual basis. This shows that the program has significant impact on the state's economy. The salary amount does not include contracted services and subcontracts, which might account for quite a bit more.

The Board packet included summaries of current projects, summaries of final project reports, and final project reports completed in the last 12 months. These were briefly discussed. Further discussion was held regarding follow-on funding numbers and it was suggested that additional information be included in the brochure and that this information be forwarded to legislators.

**b) Budgets**

The Board was presented with a budget showing FY end 2007 and a budget summary for August 2007. These were briefly discussed.

**c) Upcoming Request for Proposals**

The 2009 RFP will be released in early December. The annual due date is usually March 1, but, since this year March 1 is on Saturday, March 3 will be the deadline. The RFP will be substantially similar to the existing RFP with the exception of new language regarding clean coal and renewable resources research and development. There will likely be question-and-answer sessions held at the universities, as in the past. Board members are welcome to attend any of those sessions.

**VIII. Set Time and Date for Next Meeting**

It was decided to hold the next meeting on March 19<sup>th</sup> at 10:00 a.m. via teleconference for the purpose of deciding on the procedure for reviewing applications and making funding decisions.

**IX. Public Comment**

There was no public comment.

**X. Adjourn**

Todd Graetz moved to adjourn the meeting; seconded by Jim Davison. All in favor, the meeting adjourned at 12:10 p.m.

Respectfully submitted,

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John Youngberg, Chairman